

Message Text

CONFIDENTIAL

PAGE 01 STATE 202526
ORIGIN EUR-12

INFO OCT-01 ISO-00 DODE-00 SS-15 PM-05 NSCE-00 CIAE-00
INR-10 NSAE-00 INRE-00 L-03 ACDA-12 EB-08 MCE-00
H-01 TRSE-00 OMB-01 HA-05 /073 R

DRAFTED BY EUR/WE:HECOLE:MMS
APPROVED BY EUR:RDVINE
DOD/ISA:MCGIFFERT
D:MBARNES
PM:IPERNICK
EUR/RPM:JFROEBE
T:LBROWN
EUR/WE:RPAGANELLI
-----031940 102023Z /45
O 102008Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 202526

E.O. 11652: GDS

TAGS: MASS, PO, US

SUBJECT: VISIT OF SOUTO CRUZ

REF: STATE 197023

1. BEGIN SUMMARY: ADMIRAL SOUTO CRUZ MET WITH DOD, STATE
AND NSC OFFICIALS LISTED REFTEL. HE PRESENTED HIS CASE
FOR \$50 MILLION IN MAP IN FY 1980 AND 1981 (IN ADDITION
TO ASSISTANCE ASSOCIATED WITH THE LAJES AGREEMENT) AND
LESSER AMOUNTS IN SUCCEEDING YEARS. US OFFICIALS EXPLAINED
THAT NO COMMITMENTS COULD BE MADE BEYOND FY 79 AND THAT
EXPANSION OF MAP PROGRAM FOR PORTUGAL, WHICH WOULD BE
DIFFICULT IN THE BEST CIRCUMSTANCES, IS EVEN LESS LIKELY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 202526

GIVEN THE MOOD OF CONGRESS AND BUDGETARY STRINGENCIES.
SOUTO CRUZ EXPRESSED VIEW THAT IF THE US COULD OFFER \$80
MILLION IN ECONOMIC ASSISTANCE TO THE AZORES AND \$60
MILLION IN MILITARY ASSISTANCE IN CONNECTION WITH LAJES
RENEWAL, AZOREAN DEMAND FOR MORE ECONOMIC ASSISTANCE COULD
BE MET BY A CENTRAL GOVERNMENT PROMISE TO USE \$20 MILLION
OF PL 480 PROCEEDS IN THE AZORES. END SUMMARY.

2. GENERAL VIEWS: SOUTO CRUZ SAID HE WAS PERSONALLY CHARGED BY PRESIDENT EANES TO ASSURE THE US THAT EANES

WILL WORK STRICTLY WITHIN THE BOUNDS OF THE CONSTITUTION IN FORMATION OF A NEW GOVERNMENT AND THAT EANES IS DETERMINED THAT THE GOVERNMENT CONTINUE TO OPERATE ON DEMOCRATIC PRINCIPLES. SOUTO CRUZ EMPHASIZED THAT SUCCESS THUS FAR IN TURNING THE MILITARY AWAY FROM POLITICS AND TOWARD PROFESSIONALISM COULD BE ENDANGERED IF UPGRADING OF EQUIPMENT DOES NOT CONTINUE. WHILE HE WAS CAREFUL TO AVOID STATING THAT THERE WAS A PRESENT DANGER, HE SAID THAT IN THE FUTURE LACK OF EQUIPMENT COULD DEMORALIZE MILITARY AND IT COULD QUOTE BECOME PREY TO POLITICAL PARTIES AND LEFTISTS UNQUOTE WHO WISH TO CAUSE DISSENSION IN THE RANKS.

3. FOLLOWING IS OUTLINE OF REQUESTS FOR US MILITARY ASSISTANCE FOR EACH OF THE SERVICES. MEMCONS ON SPECIFIC MEETINGS WILL BE POUCHED.

4. ARMY - MODERNIZATION IS MAKING GOOD PROGRESS. US AND FRG CONTRIBUTIONS HAVE IMPROVED MORALE. ARMY LIKELY TO RECEIVE FUNDING FOR ADDITIONAL EQUIPMENT FROM CONCLUSION OF BEJA BASE NEGOTIATIONS WITH FRG.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 202526

5. AIR FORCE - SOUTO CRUZ ARGUED AIR FORCE NEEDS TWO SQUADRONS OF F5E'S TO SUPPORT NATO-DESIGNATED BRIGADE AND TO PLAY CREDIBLE ROLE IN NATO. HE WAS UNCERTAIN WHETHER \$120 MILLION OR \$160 MILLION WOULD BE NEEDED TO MEET THAT GOAL. DEPARTMENT UNDERTOOK TO PROVIDE ESTIMATE TO ADMIRAL BEFORE RETURN AND WILL PROVIDE INFORMATION TO EMBASSY SEPT. (FYI: PLANNING AND BUDGETING ESTIMATE FOR DELIVERY IN CY 1980 OF 10-AIRCRAFT SQUADRON, 18 F5E'S AND 2 F5F'S, IS \$121.5 MILLION. THIS IS NOT TO BE CONSTRUED AS A FIRM OFFER AND DOES NOT INCLUDE TRAINING, ADMINISTRATIVE OR TECHNICAL COSTS.) ADMIRAL STATED THAT \$50 MILLION MAP IN FY 80 AND EQUAL AMOUNT IN FY 81 COULD BE ADDED TO MILITARY ASSISTANCE ASSOCIATED WITH LAJES AGREEMENT, ALL OF WHICH WILL GO TO AIR FORCE. ADMIRAL THOUGHT \$160 MILLION TOTAL WOULD PROVIDE AIR FORCE WITH TWO F5E SQUADRONS.

6. NAVY - AS EXPECTED SOUTO CRUZ WAS MOST ENERGETIC IN STRESSING NEED FOR UPGRADING OF PORTUGUESE NAVY. HE PROPOSED ACQUISITION OF 6 FRIGATES AND 1 MINESWEEPER, REFERRING TO WHAT HE DESCRIBED AS LTDP'S PROGRAM FOR 3 FRIGATES IN A FIRST PHASE AND 3 MORE PLUS A MINESWEEPER IN

A SECOND PHASE. (COMMENT: THE LTDP AS APPROVED BY MAY NATO SUMMIT MAKES NO MENTION OF SPECIFIC TYPES OR NUMBERS OF SHIPS FOR PORTUGUESE NAVY. THE MARITIME TASK FORCE REPORT, WHICH HAS NO AUTHORITY OTHER THAN AS A NATO WORKING DOCUMENT, MENTIONS ONLY 3 FRIGATES FOR PORTUGAL.)

HE ASKED THAT BEGINNING IN FY 82, NATO ALLIES CONTRIBUTE TO FINANCING OF 3 TYPE 21 FRIGATES (TOTAL COST OVER \$400 MILLION), EACH PAYING A PERCENTAGE EQUAL TO ITS CONTRIBUTION TO NATO INFRASTRUCTURE COSTS. THE US SHARE WOULD BE 26.9. HE AFFIRMED THAT THIS WOULD FIT WITHIN THE RUBRIC OF MUMFORD'S COMMON FUND APPROACH FOR MILITARY ASSISTANCE TO PORTUGAL AND TURKEY, AND SAID THAT MUMFORD HAD ADVISED HIM TO REQUEST THE UK AND US TO TAKE THE LEAD

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 202526

ON THIS PROPOSAL. SOUTO CRUZ WAS NOT CLEAR AS TO HOW THE LIKELY TURKISH DEMANDS ON THE FUND WOULD BE DEALT WITH. SOUTO CRUZ CALCULATED THAT IN FY 81 US CONTRIBUTION WOULD BE \$30 MILLION. US CONTRIBUTION WOULD DECLINE IN SUBSEQUENT YEARS TO \$7 MILLION PER YEAR TOWARD END OF 9-YEAR PERIOD. PORTUGUESE CONTRIBUTION WOULD BE \$100 MILLION FROM SALE OF CORVETTES.

7. DEVELOPMENT OF PORTUGUESE DEFENSE INDUSTRY: SOUTO CRUZ APPEALED FOR US TO TAKE LEAD IN STUDYING US AND NATO AMMUNITION AND WEAPON NEEDS WHICH MIGHT BE SUPPLIED BY PORTUGAL. HE CITED ADVANTAGES OF STOCKPILING IN EUROPE AND REWORK OF NATO AMMUNITION IN COUNTRY REMOVED FROM FRONT-LINE ACTION. HE CLAIMED PRODUCTION WOULD BE GEARED SO AS NOT TO COMPETE DIRECTLY WITH US DEFENSE INDUSTRIES.

8. US RESPONSE - DOD, STATE AND NSC OFFICIALS HEARD SOUTO CRUZ OUT, BUT EMPHASIZED THAT THERE IS NO AUTHORIZATION FOR MAP BEYOND FY 79, THAT MOST OF THE PROPOSALS SHOULD BE PURSUED IN NATO CONTEXT, AND THAT STRONG PRESSURE EXISTS TO PHASE OUT MAP PROGRAM WORLDWIDE. NEVERTHELESS, THE US WILL CONTINUE TO CONSULT WITH PORTUGUESE TO EXAMINE WAYS IN WHICH CONTRIBUTIONS FROM ALLIES OTHER THAN US AND FRG COULD BE INCREASED. WE ARE ALSO WILLING TO CONTINUE DISCUSSION WITH PORTUGUESE ON WAYS IN WHICH THE GOALS SET FORTH IN LTDP (WHICH IS AT PRESENT ONLY A BLUEPRINT) MIGHT BE MOVED CLOSER TO REALIZATION.

VANCE

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 STATE 202526
ORIGIN EUR-12

INFO OCT-01 ISO-00 /013 R

66011

DRAFTED BY:EUR/WE - DECOLE

APPROVED BY:EUR/WE - DECOLE

-----081579 230925Z /21

R 230449Z AUG 78

FM SECSTATE WASHDC

TO AMEMBASSY LISBON

C O N F I D E N T I A L STATE 202526

FOLLOWING REPEAT E STATE 202526 ACTION LISBON DATED AUG 10, 1978.

QUOTE: C O N F I D E N T I A L STATE 202526

E.O. 11652: GDS

TAGS: MASS, PO, US

SUBJECT: VISIT OF SOUTO CRUZ

REF: STATE 197023

1. BEGIN SUMMARY: ADMIRAL SOUTO CRUZ MET WITH DOD, STATE AND NSC OFFICIALS LISTED REFTEL. HE PRESENTED HIS CASE FOR \$50 MILLION IN MAP IN FY 1980 AND 1981 (IN ADDITION TO ASSISTANCE ASSOCIATED WITH THE LAJES AGREEMENT) AND LESSER AMOUNTS IN SUCCEEDING YEARS. US OFFICIALS EXPLAINED THAT NO COMMITMENTS COULD BE MADE BEYOND FY 79 AND THAT EXPANSION OF MAP PROGRAM FOR PORTUGAL, WHICH WOULD BE DIFFICULT IN THE BEST CIRCUMSTANCES, IS EVEN LESS LIKELY GIVEN THE MOOD OF CONGRESS AND BUDGETARY STRINGENCIES. SOUTO CRUZ EXPRESSED VIEW THAT IF THE US COULD OFFER \$80 MILLION IN ECONOMIC ASSISTANCE TO THE AZORES AND \$60 MILLION IN MILITARY ASSISTANCE IN CONNECTION WITH LAJES RENEWAL, AZOREAN DEMAND FOR MORE ECONOMIC ASSISTANCE COULD BE MET BY A CENTRAL GOVERNMENT PROMISE TO USE \$20 MILLION OF PL 480 PROCEEDS IN THE AZORES. END SUMMARY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 202526

MILLION IN MILITARY ASSISTANCE IN CONNECTION WITH LAJES RENEWAL, AZOREAN DEMAND FOR MORE ECONOMIC ASSISTANCE COULD BE MET BY A CENTRAL GOVERNMENT PROMISE TO USE \$20 MILLION OF PL 480 PROCEEDS IN THE AZORES. END SUMMARY.

2. GENERAL VIEWS: SOUTO CRUZ SAID HE WAS PERSONALLY CHARGED BY PRESIDENT EANES TO ASSURE THE US THAT EANES

WILL WORK STRICTLY WITHIN THE BOUNDS OF THE CONSTITUTION IN FORMATION OF A NEW GOVERNMENT AND THAT EANES IS DETERMINED THAT THE GOVERNMENT CONTINUE TO OPERATE ON DEMOCRATIC PRINCIPLES. SOUTO CRUZ EMPHASIZED THAT SUCCESS THUS FAR IN TURNING THE MILITARY AWAY FROM POLITICS AND TOWARD PROFESSIONALISM COULD BE ENDANGERED IF UPGRADING OF EQUIPMENT DOES NOT CONTINUE. WHILE HE WAS CAREFUL TO AVOID STATING THAT THERE WAS A PRESENT DANGER, HE SAID THAT IN THE FUTURE LACK OF EQUIPMENT COULD DEMORALIZE MILITARY AND IT COULD QUOTE BECOME PREY TO POLITICAL PARTIES AND LEFTISTS UNQUOTE WHO WISH TO CAUSE DISSENSION IN THE RANKS.

3. FOLLOWING IS OUTLINE OF REQUESTS FOR US MILITARY ASSISTANCE FOR EACH OF THE SERVICES. MEMCONS ON SPECIFIC MEETINGS WILL BE POUCHED.

4. ARMY - MODERNIZATION IS MAKING GOOD PROGRESS. US AND FRG CONTRIBUTIONS HAVE IMPROVED MORALE. ARMY LIKELY TO RECEIVE FUNDING FOR ADDITIONAL EQUIPMENT FROM CONCLUSION OF BEJA BASE NEGOTIATIONS WITH FRG.

5. AIR FORCE - SOUTO CRUZ ARGUED AIR FORCE NEEDS TWO SQUADRONS OF F5E'S TO SUPPORT NATO-DESIGNATED BRIGADE AND TO PLAY CREDIBLE ROLE IN NATO. HE WAS UNCERTAIN
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 202526

WHETHER \$120 MILLION OR \$160 MILLION WOULD BE NEEDED TO MEET THAT GOAL. DEPARTMENT UNDERTOOK TO PROVIDE ESTIMATE TO ADMIRAL BEFORE RETURN AND WILL PROVIDE INFORMATION TO EMBASSY SEPTTEL. (FYI: PLANNING AND BUDGETING ESTIMATE FOR DELIVERY IN CY 1980 OF 10-AIRCRAFT SQUADRON, 18 F5E'S AND 2 F5F'S, IS \$121.5 MILLION. THIS IS NOT TO BE CONSTRUED AS A FIRM OFFER AND DOES NOT INCLUDE TRAINING, ADMINISTRATIVE OR TECHNICAL COSTS.) ADMIRAL STATED THAT \$50 MILLION MAP IN FY 80 AND EQUAL AMOUNT IN FY 81 COULD BE ADDED TO MILITARY ASSISTANCE ASSOCIATED WITH LAJES AGREEMENT, ALL OF WHICH WILL GO TO AIR FORCE. ADMIRAL THOUGHT \$160 MILLION TOTAL WOULD PROVIDE AIR FORCE WITH TWO F5E SQUADRONS.

6. NAVY - AS EXPECTED SOUTO CRUZ WAS MOST ENERGETIC IN STRESSING NEED FOR UPGRADING OF PORTUGUESE NAVY. HE PROPOSED ACQUISITION OF 6 FRIGATES AND 1 MINESWEEPER, REFERRING TO WHAT HE DESCRIBED AS LTDP'S PROGRAM FOR 3 FRIGATES IN A FIRST PHASE AND 3 MORE PLUS A MINESWEEPER IN A SECOND PHASE. (COMMENT: THE LTDP AS APPROVED BY MAY NATO

SUMMIT MAKES NO MENTION OF SPECIFIC TYPES OR NUMBERS OF SHIPS FOR PORTUGUESE NAVY. THE MARITIME TASK FORCE REPORT, WHICH HAS NO AUTHORITY OTHER THAN AS A NATO WORKING DOCUMENT, MENTIONS ONLY 3 FRIGATES FOR PORTUGAL.)

HE ASKED THAT BEGINNING IN FY 82, NATO ALLIES CONTRIBUTE TO FINANCING OF 3 TYPE 21 FRIGATES (TOTAL COST OVER \$400 MILLION), EACH PAYING A PERCENTAGE EQUAL TO ITS CONTRIBUTION TO NATO INFRASTRUCTURE COSTS. THE US SHARE WOULD BE 26.9. HE AFFIRMED THAT THIS WOULD FIT WITHIN THE RUBRIC OF MUMFORD'S COMMON FUND APPROACH FOR MILITARY ASSISTANCE TO PORTUGAL AND TURKEY, AND SAID THAT MUMFORD HAD ADVISED HIM TO REQUEST THE UK AND US TO TAKE THE LEAD ON THIS PROPOSAL. SOUTO CRUZ WAS NOT CLEAR AS TO HOW THE LIKELY TURKISH DEMANDS ON THE FUND WOULD BE DEALT WITH. SOUTO CRUZ CALCULATED THAT IN FY 81 US CONTRIBUTION WOULD

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 202526

BE \$30 MILLION. US CONTRIBUTION WOULD DECLINE IN SUBSEQUENT YEARS TO \$7 MILLION PER YEAR TOWARD END OF 9-YEAR PERIOD. PORTUGUESE CONTRIBUTION WOULD BE \$100 MILLION FROM SALE OF CORVETTES.

7. DEVELOPMENT OF PORTUGUESE DEFENSE INDUSTRY: SOUTO CRUZ APPEALED FOR US TO TAKE LEAD IN STUDYING US AND NATO AMMUNITION AND WEAPON NEEDS WHICH MIGHT BE SUPPLIED BY PORTUGAL. HE CITED ADVANTAGES OF STOCKPILING IN EUROPE AND REWORK OF NATO AMMUNITION IN COUNTRY REMOVED FROM FRONT-LINE ACTION. HE CLAIMED PRODUCTION WOULD BE GEARED SO AS NOT TO COMPETE DIRECTLY WITH US DEFENSE INDUSTRIES.

8. US RESPONSE - DOD, STATE AND NSC OFFICIALS HEARD SOUTO CRUZ OUT, BUT EMPHASIZED THAT THERE IS NO AUTHORIZATION FOR MAP BEYOND FY 79, THAT MOST OF THE PROPOSALS SHOULD BE PURSUED IN NATO CONTEXT, AND THAT STRONG PRESSURE EXISTS TO PHASE OUT MAP PROGRAM WORLDWIDE. NEVERTHELESS, THE US WILL CONTINUE TO CONSULT WITH PORTUGUESE TO EXAMINE WAYS IN WHICH CONTRIBUTIONS FROM ALLIES OTHER THAN US AND FRG COULD BE INCREASED. WE ARE ALSO WILLING TO CONTINUE DISCUSSION WITH PORTUGUESE ON WAYS IN WHICH THE GOALS SET FORTH IN LTDP (WHICH IS AT PRESENT ONLY A BLUEPRINT) MIGHT BE MOVED CLOSER TO REALIZATION.

VANCE UNQUOTE CHRISTOPHER

NOTE BY OC/T: ORIGINAL TRANSMISSION: EUR/SSBL,INTE,DODE,L,ACDA,EB,MCE,H,TRSE,OMB,HA.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE202526
Document Source: CORE
Document Unique ID: 00
Drafter: HECOLE:MMS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780328-0125
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780877/aaaacmfx.tel
Line Count: 327
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: dbbe5b65-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 197023
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1776037
Secure: OPEN
Status: NATIVE
Subject: VISIT OF SOUTO CRUZ
TAGS: MASS, PO, US
To: LISBON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/dbbe5b65-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014